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THE
ECONOMIC ORGANISATION
OF SOVIET RUSSIA

*A Brief Sketch of the Organisation and the
Present Situation of Industry in Russia*

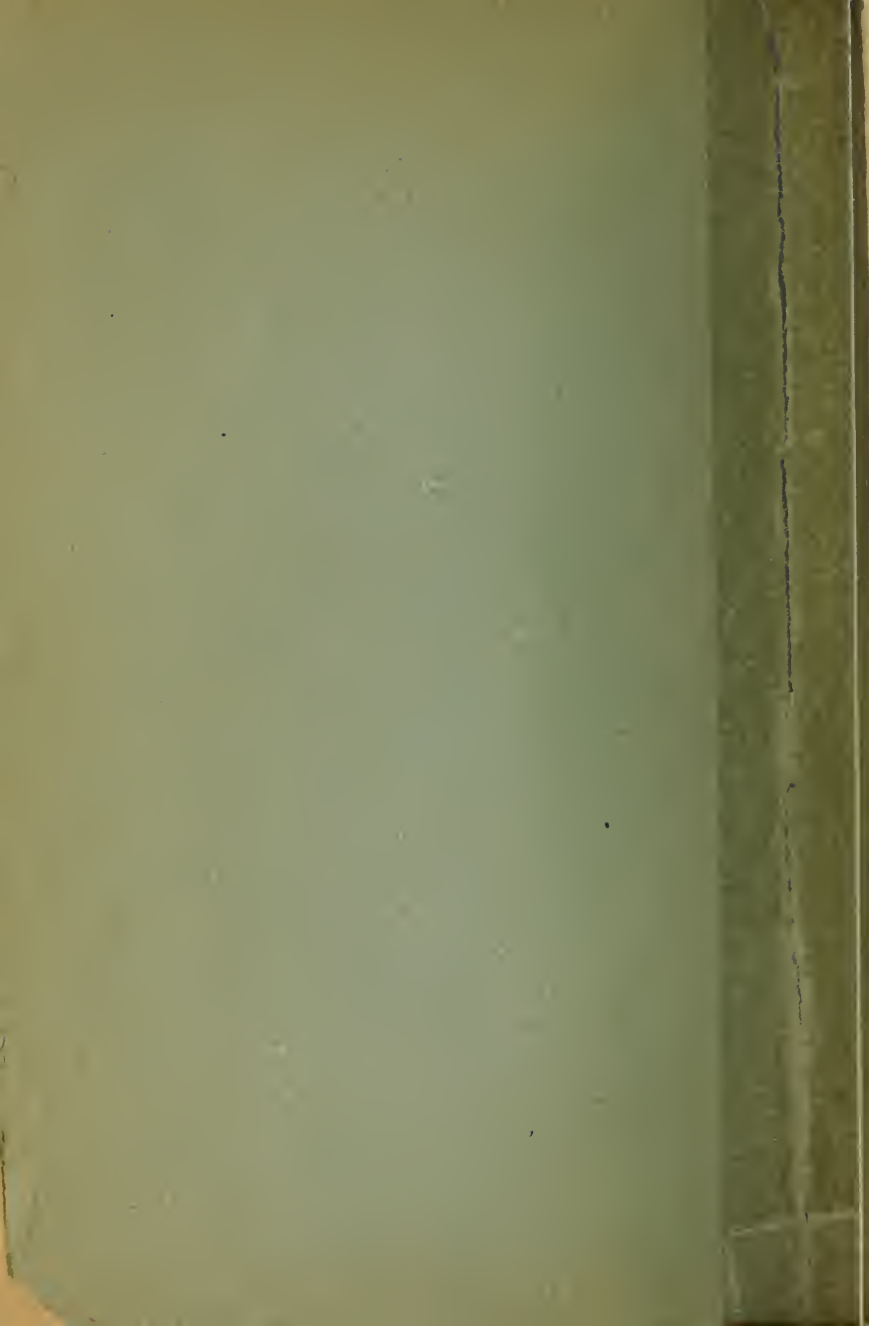
By V. P. MILIUTIN

Member of the Supreme Economic Council



The Communist Party of Great Britain
36 King St., Covent Garden, W.C.2, London

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THE ECONOMIC ORGANISATION OF SOVIET RUSSIA



A. THE ORGANISATION OF THE ADMINISTRATIVE APPARATUS

I

The Basic Principles of Economic Administration

AT the basis of the economic administration of Soviet Russia and of the economic dictatorship of the proletariat there lie two root principles. Firstly, the attraction of the working-class masses and of the Trade Unions to the direct administration of economic life; and, secondly, a combination of central administration and concentration of production—so necessary for Socialist constructive work—with the display of initiative and independent activity on the widest possible scale by the local organs of administration.

Turning our attention to the first question, it must be pointed out that, immediately after the October Revolution, factory and workshop committees were formed in the factories, having as their object the realisation of workers' control of production; and that, during the two and a-half years of the existence of the Soviet Government, powerful Trade Unions grew up, uniting all the workers and employees of Soviet Russia, and numbering, at the present time, approximately four and a-half million members. During this period the working-class organisations not only took a most lively and direct interest in questions affecting the regulation and administration of economic life and economic policy, but also displayed independent initiative, and played a leading part in the organisation of the organs of economic administration—both in the centre and in the districts, both in the State trusts and in the individual enterprises.

At the present time the relations between the Trade Unions and the Soviet organs of political administration are defined best of all by the following resolution, adopted at the last All-Russian Congress of Economic Councils, held in February, 1920:—

“The organisation of the administration of industry must found itself entirely on the Trade Unions, which represent one of the most important organising forces in our economic life. The connection visible in the most outstanding sections of the economic apparatus between the economic organs and the Trade Unions has to be built up in other spheres of economic life.

"The fundamental questions of economic policy are decided by periodical joint meetings of the Supreme Economic Council (S.E.C.) and the All-Russian Council of Trade Unions (A.R.C.T.U.). The individual Trade Unions have the right of control over the conditions of industry and production in the individual industries. The Chief and Central Committees, in harmony with the 'Chief' and 'Central' Sections of the S.E.C., decide all root questions of production; discuss the reports of the boards, central committees, and factory management committees; ask questions, obtain information, etc.

"The business control of industry and of the administrative functions are the prerogative exclusively of the 'Chief' Committees, 'Central' Sections, and other organs of the S.E.C. The representatives of the Trade Unions in the 'Chief' Committees and other organs of economic administration are subordinated to the general decisions of the Presidium of the S.E.C.

"In case of conflict on fundamental questions of economic policy, and also on questions as to the composition of the boards of all the administrative organs—arising between the Central Committee of a Trade Union and the corresponding 'Chief' Committee, or between a Chief Committee and the Presidium of the S.E.C.—the question is adjourned for general discussion by the Presidium of the S.E.C. and the A.R.C.T.U., by whom it is decided once and for all."

This resolution is not merely a resolution, but the result of daily practical experience: the more because all responsible individuals, both in the central and in the local administrative bodies, are appointed in agreement with the corresponding Trade Unions, and on most of them there are a considerable number of representatives of those Unions. We shall see this later, when we come to examine in greater detail the internal structure of the S.E.C. and of its local organs.

It should be observed that, in the very practice of economic administration, we have to-day outlived the principle of the mechanical representation of different institutions on the administrative organs. At the present moment we have passed on to the principle of organising controlling Boards, or appointing individual controllers and administrators, not by means of the representation of Trade Unions and Soviet organs, but by means of joint confirmation, on the basis of purely business considerations, by the central committee of the appropriate Trade Union and the controlling organs of the Soviet power. This gives us the possibility of avoiding friction and misunderstanding between the Trade Unions and the economic organs, as persons entering into the economic organs and controlling them are responsible both to the corresponding higher economic organs and to the central committee of the corresponding Trade Union. On the other hand, the body appointing them, and the Trade Union with the consent of which they are appointed, are responsible for their

work and for their suitability for executing the tasks imposed upon them. In addition to this, both the central and local economic organs summon conferences of delegates from, and of workers in, the factories and workshops. At these conferences the most important questions of economic policy and the programmes of production are subjected to preliminary discussion.

As the result of such a system of economic organisation, the working-class masses become interested in the process of production itself, in the necessity of increasing production, in the establishment of strict discipline, and so on, and so forth.

In this way the Russian proletariat becomes not merely a controller of the activity of the economic organs, but also a direct participator in the organisation and activity of those organs, both by means of conferences and congresses in connection with economic questions, and by means of its representatives on the organs of economic administration. Consequently, questions of increased production, in spite of the painful circumstances in which the economic life of Soviet Russia finds itself to-day—thanks to purely external circumstances (the result of capitalist attacks and the blockade)—are decided more easily than in the capitalist countries, where the working class is only exploited and is completely prevented from taking part in the administration of economic activity.

Our economic policy in the future will be that every working man and woman should be filled with the consciousness of the importance and the necessity of the work they do; that our economic policy and our economic plans should be made comprehensible to the widest masses of the workers; and that labour should be exercised intelligently, as must be the case with labour in a Socialist order.

Let us now turn to the second question—*i.e.*, an examination of the methods by which nationalised industry as a whole is controlled.

At the present moment, as a matter of fact, all large and medium-sized industries in Russia are nationalised. Only small and domestic industries have not been nationalised—a category which covers about 4,500 enterprises. Incidentally, one must observe that the wonderful fables, spread by the bourgeois Press of the old world, as to our having nationalised everything without exception, without system, and chaotically, are absolutely exploded by the condition of nationalised industry in Russia to-day.

Altogether 6,000 enterprises have been nationalised.*

Out of these 6,000, 2,910 undertakings are under the direct control of the central bodies—in other words, under the direct control of the S.E.C. These 2,910 undertakings are financed and equipped both with raw material and with fuel by direct provision of the centre. As

*The statistics given below, compiled up to February 1, 1920, show 4,273 nationalised enterprises and 4,609 non-nationalised.

in the case of the factory management committees in the enterprises comprised in this group, the central committees are appointed by the central bodies of the S.E.C., or directly by the Presidium of the S.E.C., in agreement with the central committee of the appropriate Trade Union.

A second category of enterprises, approximately, 3,500, is under the control of the local bodies—the local and provincial economic councils—and is administered by them—that is, as far as their supply with fuel, raw material, finances, etc., is concerned. The economic councils, in the same way, come to an agreement with the local Unions as to the composition of the factory management committees and as to other methods of procedure.

The central organs have powers of regulation—i.e., the publication of instructions, in agreement with which the local organs must work. Similarly, the products coming from this second category are at the disposal only of the central bodies of the S.E.C., and may be consumed only with their permission.

The greatest interest, of course, is presented by the first group, as in it are concentrated both all the trustified enterprises, and the enterprises of particular importance to the life of the State.

The following is the classification of these categories according to the different branches of industry:—

Table I
THE DISTRIBUTION OF NATIONALISED ENTERPRISES
IN ADMINISTRATIVE CATEGORIES

<i>Industry</i>	<i>1st Category (Trustified and Key Industries)</i>	<i>2nd Category (Administered by Local Economic Councils)</i>
1 Metallurgical	154	468
2 Textile	481	344
3 Chemical	1,172	1,315
4 Electrical	38	All provincial stations
5 Food	31	
6 Mining	858	1,244
7 Woodworking	160	11
8 Printing	22	48
9 Automobile	11	—
10 Utilisation of Waste	13	12
TOTAL	2,940	3,494

The administrative organisation of nationalised industry inevitably brought with it the necessity of trustifying enterprises and concentrating industry in the best, and, technically, most developed and equipped enterprises.

At the present time there exist 179 such trusts.

Some branches of industry were trustified as a whole, others to a considerable extent.

The most powerful and important trusts are:—

- (1) The State Machine Building Trust—Gomza—uniting sixteen of the largest factories.
- (2) The Electro-Trust.
- (3) The forty Textile Combinations.
- (4) The Sugar Trust.

All trusts, and all branches of industry, are considered as *one gigantic enterprise*. Instead of competition, instead of rivalry, the Soviet Government has substituted in the economic sphere the direct application of the principle of *economic unity*.

Economic unity finds its expression not only in industry, but in the fusion of industry and agriculture. A single, centralised, economic life, systematically organised by the organs of the Soviet Government, and directly participated in by the widest masses of the workers—such is the basis of the economic organisation of the Soviet régime.

2

The Supreme Economic Council

THE highest economic body of Soviet Russia, which carries out the nationalisation of industry, which draws up the economic plan, which fixes the programmes of production of the different branches of industry, and, finally, which controls and regulates the whole of economic life, is the *Supreme Economic Council*. According to the Soviet Constitution, the S.E.C., like the other People's Commissariats, is a section of the All-Russian Central Executive Committee (A.R.C.E.C.). The chairman of the S.E.C. and his deputy are confirmed by the A.R.C.E.C., and are members of the Council of People's Commissaries.

The S.E.C. is responsible both to the Council of People's Commissaries—the latter may annul any decision of the S.E.C.—and to the A.R.C.E.C. In addition to this, at the All-Russian Congresses of Soviets, reports are always made as to the activity of the S.E.C. For example, the last—the seventh—Congress of Soviets exercised a considerable influence on the policy of the S.E.C.

At the head of the S.E.C. stands the Presidium, composed of eleven persons. The preliminary nominations and discussions before election to the Presidium take place at the congresses of Economic

Councils and in the A.R.C.T.U., the names of candidates being subsequently placed before the Council of People's Commissaries for confirmation and appointment. The chairman and his deputy, however, are, as we have said, confirmed by the A.R.C.E.C. It has been established by practice that the composition of the Presidium as a whole should be revised annually, but individual alterations may be made in the course of the year.

The diagram in the Appendix displays the internal structure of the S.E.C., and makes clear on what principles it is organised.

The central apparatus of the S.E.C. falls into three classes of sections:

First of all, the Presidium has five sections, with the help of which it defines the economic plan for the current year and exercises general control. These sections are:—

- 1 *The Commission of Production*, in which the separate programmes of production of each branch of industry are examined, co-ordinated, and presented for confirmation to the Presidium.
- 2 *The Board of Finance and Accounts*, which examines the accounts both of the central and of the local economic bodies, and finances industry.
- 3 *The Commission for Distribution*, which defines the plans for the distribution of industrial products. (Into its composition there enter representatives of the People's Commissariat for Food).
- 4 *The Section of Factory and Workshop Statistics*.
- 5 *The Board of Local Affairs*, which keeps in touch with the local Economic Councils.

The second group of sections is composed of the Centres of Production, of which it contains fifty, in accordance with the number of branches of industry. Under their direct control and administration there are the corresponding branches of industry; in connection with which they execute programmes of production, distribute raw materials, compile statistics of manufactured products, finance undertakings, appoint and dismiss the administrative personnel of factories and workshops, etc. At the head of each Centre of Production stands either the individual controller or a board of three to five persons. The chairman of each "Centre" is confirmed by the Presidium of the S.E.C., in agreement with the Central Committee of the corresponding Trade Union. At the present moment, the composition of the chairmen of the "Centres" is about 30 per cent. workmen, about 35 to 40 per cent. specialists (engineers, technical experts, etc.) and about 25 to 30 per cent. members of various professions (clerks, cashiers, etc.).

One of the most painful questions that has arisen in Soviet Russia has been in connection with the appointment as chairmen to the Centres of Production of persons who satisfy certain demands as to knowledge, acquaintance with the branch of industry concerned, and

administrative experience, and who, at the same time, understand the economic policy of the Soviet Government and carry it out. In consequence of the fact that the majority of specialists are products of the bourgeois classes of society, and have been brought up in an atmosphere of capitalist social relations, it has been time and again a matter of the greatest difficulty to discover men who answer to all the requirements mentioned above.

Every Centre of Production is divided into sub-committees—administrative and technical, financial, educational, etc. The Centres of Production control both the trusts and the enterprises of particular importance to the life of the State included in the first category of undertakings, according to the foregoing table. The connection of the Centres of Production with the districts is effected with the help of similar "sections of production" of the local organs of economic life, the Economic Councils, to the description of which we now pass.

3

The Provincial Economic Councils

IN every province a Provincial Economic Council is organised, on the same principle as the S.E.C. At the head of the Provincial Economic Councils there are also Presidiums, but smaller than in the case of the S.E.C., being composed only of three persons. When confirming the Presidium of a local Economic Council, the Presidium of the S.E.C. has the right of dismissing and of not confirming the appointment of members to the local Presidium who, for one reason or another, are not acceptable.

The local Economic Councils are divided into corresponding sections of production—metal, textile, chemical, electrical, and other sections. On the one hand, these are directed by the Presidium of the Economic Council, but, on the other, they are subordinated to the corresponding Centres of Production of the S.E.C., to whom they present their accounts, and from whom they receive their instructions and regulations in connection with the industries under their control and in their territory. Under the administration of the local Economic Councils, as has been noted above, are enterprises of the second and third category. In this way, the local Economic Councils accumulate supplies of raw materials in their districts, finance undertakings under their control, co-ordinate all the accounts they are presented with, alter and appoint the administrative staff, and so on; but all the products are strictly checked by, and may be consumed only with the permission of, the central administrative organs.

At the head of each section of the local Economic Council stands the chairman, confirmed in his appointment by the Presidium of the local Economic Council, in agreement with the corresponding Trade Unions. Finally, the local Economic Councils have their sections in the

smaller territorial units, with which they are directly connected, and which they themselves appoint. At the present moment, in all the provinces (gubernia) and counties (uyezd) of Soviet Russia, the local Economic Councils are firmly and strongly established, closely bound up with local economic life, and performing the functions of an integral part of the central economic body—the S.E.C. Regularly every year there take place All-Russian Congresses of local Economic Councils, at which questions of economic policy and production are decided, and the resolutions of which pass through the Presidium of the S.E.C. to the Council of People's Commissaries, and even to the A.R.C.E.C., for confirmation. So far there have been three such Congresses. Stenographic reports of these Congresses are in the press: their resolutions are widely distributed in the local districts.

4

The Relations between the Supreme Economic Council and the other Economic Commissariats

HITHERTO, on a level with the S.E.C., as independent economic Commissariats, there have existed the People's Commissariat for Agriculture, the People's Commissariat for Food, the People's Commissariat for Finance, and the People's Commissariat for Ways and Communications. From the point of view of the problems brought before it, the S.E.C. ought to include all these Commissariats in itself, but, in consequence of a series of technical and administrative considerations, these Commissariats still lead an independent existence. However, at the present time there has been established, in all the most important spheres of their activity, a close connection and relationship between the S.E.C. and these Commissariats. The People's Commissary for Agriculture, a member of the People's Commissariat for Finance, and a member of the People's Commissariat for Ways and Communications, enter into the Presidium of the S.E.C. as members of the latter.

At the present moment the policy carried out in the domains of agriculture and industry can be considered as entirely unified, and a whole series of sections—as, for example, the Co-operative, the Ameliorative, the Section for the Administration of Soviet Estates—represent amalgamated sections of the S.E.C. and the People's Commissariat for Agriculture.

The relations with the People's Commissariat for Food are established by means of a joint determination of plans for the distribution of industrial products, which, on the completion of their manufacture, are handed over for the disposal of the People's Commissariat for Food. Generally speaking, it should be observed—though we shall speak of this in greater detail later—that the distribution of food products and

articles of general consumption is carried out by the People's Commissariat for Food. Consequently, all the organs of production hand over to the latter Commissariat all their products intended for general consumption, while other materials and articles, together with machines necessary for the process of production, etc., are controlled by the S.E.C. Similarly, maximum prices for goods and products are fixed by a *Committee of Prices* of the S.E.C., and are confirmed by the signatures of the chairmen of the S.E.C. and the People's Commissariat for Food. All agreements, or, as in case after case, disagreements, between the various economic Commissariats are decided by the Council of People's Commissaries at its plenary sessions.

The S.E.C. is connected with the Commissariat for Ways and Communications by means of a special joint body—the Supreme Council for Transport—into which there enter a representative of the Commissariat and a representative of the S.E.C., and which harmonises the plans of transport month by month.

The Commissariat for Finance distributes actual money tokens among the separate departments of State, but the financing of economic life is carried on by the S.E.C.

This is the form of mutual relationship between the separate commissariats and the S.E.C. Naturally, the present form is not final, and towards its improvement, towards the simplification of mutual relations, towards the establishment of greater elasticity and flexibility, attention has been drawn and constant, tireless efforts are directed.

Such is the apparatus of economic administration, with the help of which the reconstruction and administration of the economic life of Soviet Russia is being carried out. That apparatus, of course, has its crying defects and faults. The working class, which for the first time has taken power into its own hands, cannot produce immediately from its own ranks a sufficiently large body of experienced and educated workers. Consequently, in the activity of the economic apparatus we can observe not a few irregularities and mistakes. But it is necessary to point out that the experience of all these years shows us that, at the present moment, the whole machine of the economic dictatorship of the proletariat stands firm and works regularly. The economic life of the country is actually, in practice, being *administered*; and, instead of the chaotic, scattered economy of capitalist society, there is growing up a single economic structure, based on Socialist foundations. Thanks only to the fact that the guardian of the Soviet economic system is the working class is it possible to explain the fact that, in spite of the incredible difficulties which fell to the historical lot of Soviet Russia in its first steps along the path of economic reconstruction, it was possible to deal successfully with the dangers which threatened its economic life—first and foremost, the onslaught of world capitalism on the young Soviet Republic.

Table II.—NATIONALISED AND NON-NATIONALISED UNDERTAKINGS

No.	Production Group	No. of "Chief Committee"	"Chief" or "Central" Committee	Nationalised		Non-Nationalised	
				No. of Undertakings		No. of Undertakings	
				Total	Total in which No. of workers is known	Total	Total in which No. of workers is known
I	Stone, Earth, and Clay-Working Industries	1	Chief—Schist	12	7	4	—
		2	Centro—Cement	15	14	1	—
		3	Chief—Building Materials	258	154	543	—
		4	Centro—Asbestos	20	17	3	—
		5	Chief—Glass	125	79	10	—
		6	Chief—Slate	7	6	—	1,206
			TOTAL	437	277	561	3
II	Mining and Kindred Industries	1	Mining Section	77	53	—	—
		2	Chief—Salt	4	4	6	—
		3	• Chief—Gold	—	—	—	480
			TOTAL	81	57	6	5
III	Metal Industries	1	Metal Section	247	150	117	100
		2	Centro—Copper	6	5	4	3
		3	"Gonza,"	12	11	—	—
		4	Chief—Nails	9	9	2	—
		5	Agricultural Machines	205	131	15	2
		6	Auto Section	23	—	—	—
		7	Metal Manufactures	13	12	440	228
		8	Electro Section	38	35	23	19
			TOTAL	553	353	601	354
IV	Wood-Working	1	Chief—Timber Committee	158	37	84	1
V	Chemical Industries	1	Chemical Materials	62	45	1	1
		2	Chemical Wood-Working	35	21	3	—
		3	Chief—Military Supplies	18	16	—	—
		4	Chief—Matches	45	42	29	21
		5	Chief—Rubber	6	6	—	—
		6	Centro—Paint	23	21	24	20
		7	Drug Section	6	4	—	—
			TOTAL	195	155	57	42
							2,308
							480
							4,629
							19
							37
							2,203
							22,141
							388
							29,417
							10
							84
							—
							1,237
							987
							—

No. Production Group	No. of "Chief Committee"	"Chief" or "Central" Committee	Nationalised		Non-Nationalised	
			No. of Undertakings		No. of Undertakings	
			Total	Total in which No. of workers is known	Total	Total in which No. of workers is known
VI Food Industries	1	Centro—Spirit	273	269	12,331	—
	2	Centro—Tea	16	13	1,309	—
	3	Chief—Vegetable Oils	211	209	8,475	249
	4	Centro—Milk	212	203	805	—
	5	Chief—Flour	687	389	21,539	1,618
	6	Chief—Tobacco	36	36	18,456	—
	7	Chief—Starch	67	67	4,467	—
	8	Chief—Tinned Goods	13	8	1,173	925
	9	Chief—Sugar	259	258	78,357	—
	10	Chief—Sweets	25	21	4,787	740
VII Animal Products		TOTAL	1,799	1,473	151,699	834
	1	Chief—Furs	16	15	1,471	—
	2	Chief—Hides	78	73	23,030	70
	3	Chief—Bone	28	22	382	38
	4	Centro—Bristles	34	34	3,774	46
	5	Centro—Fats	39	28	4,313	—
VIII Fibre Industries		TOTAL	195	172	32,979	25
	1	Centro—Textiles	568	466	361,740	179
	2	Centro—Yarn	47	40	15,608	211
					1	85
IX Paper and Printing Industries		TOTAL	615	506	377,348	212
	1	Chief—Paper	108	96	26,770	—
	2	Printing Section	38	37	8,053	—
					—	—
X Fuel		TOTAL	146	133	34,823	—
	1	Chief—Coal	32	26	35,564	—
	2	*Chief—Oil	—	—	—	—
XI Miscellaneous	1	Centro—Utilisation (of Waste Products)	62	51	5,522	3
			4			525
GRAND TOTAL			4,273	3,238	985,413	1,643
					4,609	84,853

* NOTE.—No statistics available in the case of two "Chief" Committees. The Section of Factory and Workshop Statistics of the S.E.C.

B. THE ECONOMIC SITUATION

I

General Principles

THE economic situation of Soviet Russia depended, of course, first of all on the condition of economic organisation at the moment of the October Revolution, or, in other words, on the heritage which the bourgeois order left behind it. Next, it was affected by the development of the struggle between the working class and the forces of the capitalists and the landlords, which, beginning as an acute civil war, finally assumed the character of an international conflict. Lastly, there is the economic blockade to which Socialist Russia has been subjected by international capitalism.

The conditions indicated had the most painful effect on the development of the productive forces of Soviet Russia, and our economic policy consisted in the overcoming of the disruptive influences of these conditions, and in an attempt to raise to as high a pitch as possible our economic life and activity. The latter could be achieved only by means of an extraordinary concentration of forces, and at the cost of untold privations. The imperialist war, according to the reckoning of bourgeois experts, swallowed up 70 per cent. of the products of our industry. We can imagine how great was the waste in the economic life of the nation at the end of the four years' war.

The October Revolution took place, as a matter of fact, at a moment of profound economic crisis, from which the indecisive, spineless, opportunist policy of the Provisional Government could find no way out. As a result, the proletariat of Russia received as a legacy a ruined economic organisation, in which 30 per cent. of industry was at a standstill, and in which speculation and speculation had attained colossal proportions. Incredible efforts were required to bring to an end, or at least to delay, the collapse of economic life in October, 1917, after the workers had taken control.

The second condition which determined the character and the direction of economic development in Russia was the civil war. The October Revolution, which, with astounding rapidity, swept the class of landlords and capitalists out of the social arena, and the nationalisation of banks and industries which followed without serious resistance, afforded the hope in the first period of a peaceful epoch of reconstruction.

The Soviet Government tried to lose not a day in passing at once to the peaceful reconstruction of social and economic life. Immediately after the October Revolution of 1917, the Soviet Government entered on the demobilisation of industry and on the transformation of all production to serve the interests of peaceful consumption by the country and the population.

The demobilisation of industry was carried out on a broad basis. Undertakings in the machine industry, textile factories, and a series of engineering works, specially adapted to war production, were diverted to the production of articles of normal consumption, military contracts being cancelled. However, this peaceful situation lasted but a few months. The Russian counter-revolution, supported by Western imperialism, soon raised its head and forced us to change again to war production. The appearance of Koltchak, of Denikin, of Yudenich, supported and splendidly equipped by the Entente, constituted a terrible danger to the existence of Soviet Russia. The year 1918, particularly its second half, and the year 1919 were characterised by a far-flung civil war. The whole country was declared an armed camp, and we were obliged to organise war production and re-mobilise our demobilised industry. Our superiority over Koltchak, Denikin and Yudenich, which led to the destruction of the latter, consisted not only in the fact that our Red Army displayed greater enthusiasm, greater daring and greater devotion, but also in the fact that we relied on our industrial system which dealt with the military tasks put before it. But, of course, it was natural that again a considerable percentage of our production, a considerable percentage of our fuel and raw materials, a considerable number of our factories and workshops—the best, and, technically, the most developed—worked only for the army, were engaged only on the execution of war orders. All this, quite naturally, had the strongest possible influence on the satisfaction of the economic requirements of the country. True, we quite definitely and consciously placed before ourselves the aim of finding a balance between the satisfaction of the needs of the Red Army and the expenditure for military requirements, on the one hand, and the continued development of the productive forces of the country on the other. As a result, the basis of our economic life—the most important branches of industry—were preserved, and not exhausted. But it is obvious that under war conditions, when we were deprived of such economically vital regions as the Donetz Basin, which supplied our industry with coal, like the Ural, which fed our metallurgical and machine building industry, like the Kuban and Don regions, with their enormous supplies of bread, wool and skins—when, I repeat, the front moved time after time into the very heart of Russia—it is intelligible that very often the plans we set before ourselves were shattered by these inevitable military conditions, in which we had to work until, in the end, we gained a more or less complete victory. During the course of 1919, the Red Army broke Koltchak, Yudenich and Denikin, and completely liquidated the Northern, Eastern, and Southern fronts. The defeat of the counter-revolution was of the most decisive character. As soon as this situation became apparent—at the beginning of 1920—Soviet Russia immediately changed its economic policy and diverted the apparatus to peaceful reconstruction, throwing out, as a watch-

word, the concentration of all forces and attention on the labour front.

Before us there has again arisen in the foreground the task of solving the most grievous problems of our economic existence, of dealing successfully with the collapse which followed as an inevitable consequence of the imperialist war and the civil struggle. All the chief and most important general congresses, the All-Russian Congresses of the Communist Party and of the Trade Unions—to say nothing of the special congresses of the Economic Councils—were occupied in the first place with the question of the restoration of economic life and the struggle against economic collapse. As is well known, at first we tried the experiment of the adaptation on the widest possible scale of whole armies to the conditions of productive economic work. A series of labour armies were created. Instead of the *Council of Defence* there was set up the *Council of Labour and Defence*, and instead of the military victories previously gained by the Red Army at the front, and indicated by the number of prisoners and killed of the enemy, there appeared in the columns of the newspapers communiqués of the victories gained on the labour front, characterised by the increase of the number of locomotives repaired, the increase of production, the raising of the productive forces of different cadres of workers in the *Red Army of Labour*. In a great wave there passed across the country the introduction of voluntary mass “Saturdayings,” “Sundayings,” and so on, characterised by the bringing to bear of entirely new principles in production by the widest masses of the people.

There began not only the elaboration, but the execution of the most far-reaching plans. Questions of electrification, of new construction, of increase in the stores of fuel and the collection of raw materials, of the setting up of higher standards of production, etc., became the most serious and important questions, to answer which all the best forces of Soviet Russia were concentrated.

Our intelligentsia, our professors and scientists, who, nearly to a man, after the October revolution, appeared as the enemies of the Soviet Government, and made themselves prominent at the beginning by the notorious sabotage of work in which their knowledge and experience might have been of the greatest use, were now drawn into this impulse of labour which had seized upon the wide masses of the people, and a sharp cleavage became apparent among them. They began to offer their services to the Soviet Government, moved not by fear, but by conscience, and by a desire to re-establish and re-build economic life. A large number of the most prominent specialists in the most various departments of industry, at the present moment, take the fullest share in the work of the economic organs of the Soviet Government.

But the period in which all our economic life was diverted to peaceful work was also short-lived. The new Polish attack of 1920, carried

out with the consent and the support of the Entente, obliged us once again to guide our economic administration into military paths, and once again we had to turn from the satisfaction of the needs of the widest masses of the people to the military equipment and the supply of the Red Army. The difference consists only in this, that on each occasion we approach these problems with greater experience. We cannot foretell how long this new military period will last, but we know that as soon as Poland has been defeated, and we have the least possibility of turning our economic energies to peaceful tasks, we shall carry that out immediately, without wasting a moment. But at the present moment we have to deal not only with Poland—which alone would not be in a condition to fight, as what we know of the state of her industry testifies eloquently to the fact that she has no resources for military operations—but with the technical assistance and the equipment given to Poland by the Entente, and we have to set up against it our own technical resources, and equip our Red soldiers so as to beat the enemy, this time in the most decisive fashion. The civil war, therefore, for the present period of the second half of 1920 constitutes a most serious factor and determines the character of our economic life.

The third factor determining the economic life of Russia during these years was the blockade imposed by the Entente. Any country in a state of isolation, until she had developed a complete system of production of her own, would suffer the greatest difficulties in her own development. Russia was, as a matter of fact, isolated from the outside world even during the imperialist war; but, after the end of the imperialist war, Soviet Russia was both blockaded by the capitalist world and shut off from all other countries as well. Capitalist governments of all countries strove to throttle Soviet Russia economically. If, on the one hand, they supported the small border States, exciting the counter-revolutionary bourgeoisie to attack Soviet Russia, and supplying it with military equipment, on the other hand they strove to deprive the population of Russia of all commerce with, and all goods coming from, the outside world. Of course, the calculations of the capitalists in this connection suffered defeat. They omitted, first of all, to observe that Russia is the richest country in the world from the point of view of the variety of her supplies of raw materials and fuel, those most important and fundamental factors of economic development. But, in addition to possessing raw materials and fuel in their most important forms, Russia is one of the countries where the various forms of raw material and fuel are concentrated in the greatest abundance. It was for this reason that we found the possibility, not only of surviving the blockade, but of beginning the development of certain branches of industry which hitherto did not exist, and the products of which were usually imported into Russia from abroad. For example, out of a large series of branches we shall draw attention

to our electrical industry, our paper industry, and our chemical industry, where special processes of production, which, hitherto, were non-existent in Soviet Russia, have been set up (in the paper industry, sieves; in the electrical, insulators; in the chemical, a number of chemical preparations and materials). On the other hand, the Entente were deceived, not only in their anticipation of swiftly defeating Russia with the help of their blockade, but also through their failure to grasp the influence on the world market of the loss of such an economic factor as Russia represented, both as a consumer and as a producer.

The absence of Russia's influence on the world market had the most powerful effect on the internal economy of a number of countries which experienced a lack of raw materials hitherto imported from Russia. Such forms of raw material as timber, flax, hemp, were supplied to the European countries by Russia. The shortage of flax was felt not only by Germany and France, but also by England. Similarly, such goods as platinum, furs, etc., had been imported into Western Europe from Russia.

On the other hand, Russia was the chief consumer for the manufacturing industry of Western Europe, and in particular for the machine building industry. The cessation of exports to Russia from Western Europe led to over-production in a number of branches of industry in Western Europe and in America.

All this taken together led to the complete bankruptcy of the policy of the blockade which had been carried out by the bourgeoisie of the West, and especially of France. We should notice, incidentally, that the ruling class in France, which, during the last ten years has been mainly not industrial but financial, supplying other countries with its credits, is, at the present moment, when before the world there are arising new problems of economic development, the most conservative and the most rapacious in its attitude.

In the most recent period, the recognition of the bankruptcy of the blockade is leading the capitalist world to recognise the necessity of entering into economic relations with Soviet Russia. Soviet Russia is, naturally, ready to receive from the West the tools of production it requires—locomotives and machines—in return for its gold and silver. Considering that this will not bring to a halt the process of historical development, the absence of the blockade, of course, represents an important factor in the strengthening of Russia. I repeat, the blockade has brought us incalculable losses, which in numerous cases it will be difficult to replace under present conditions.

Such, in general, are the principles which affect our economic activities. It must be admitted that, in spite of these extremely difficult circumstances, which have retarded the development of our economic life, our economic organisation nevertheless has grappled with them and the work of laying the foundations of our economic organisation in certain spheres has not only not been stopped, but is even going for

ward. Only if we take into account what has been said above can we approach and understand the present economic condition of Soviet Russia, and estimate it objectively. We shall now proceed to touch upon three sides of our economic activities, namely, the problems of raw materials, of fuel, and of the state of our industry. Only by summing up and estimating the actual position of these three spheres of economic life shall we be able to construct for ourselves a clear picture of the industry of Soviet Russia.

2

Raw Materials

FROM the point of view of raw materials Russia was always extraordinarily rich, and not only satisfied her own requirements, but was also one of the general sources of supply in the world market. Such forms of raw material as flax, hemp, hides, and timber were thrown by Russia upon the markets of Western Europe in great abundance. From the following table we shall be able to see what pitch, before the war, was attained by the export from Russia of the principal articles of commerce.

Table III
AVERAGE EXPORT FROM RUSSIA 1911-1913

1	Corn	..	..	..	..	672 millions of poods*
2	Flax ..	..	..	..	..	17 " "
3	Hemp	..	..	..	..	3 " "
4	Timber	..	..	..	..	433 " "
5	Tobacco	..	..	..	..	645,000 poods
6	Bristles	..	..	..	..	162,000 "
7	Hides..	..	..	..	..	2,200,000 pieces

The imperialist war naturally brought to an end the relations between Russia and the world markets. External commerce practically ceased. In consequence of this, there accumulated in Russia a considerable supply of raw materials. True, their realisation at the present moment is complicated by a number of factors, and principally by two most fundamental circumstances. First of all, in consequence of the lowering of production for the normal requirements of the population—i.e., the supply to the mass of the peasantry of articles of general consumption, the principal stimulus to the supply of raw materials has been weakened; and, secondly, the transport conditions on all sides prevent the rapid concentration of masses of raw material at the necessary points.

* NOTE.—1 pood = 36 lbs. roughly.

None the less, in spite of the difficult character of economic conditions generally, the supply of raw material in Soviet Russia has at the present moment been consolidated, and raw materials have not only been co-ordinated for internal production, but have also been accumulated in the form of commercial funds for export abroad. Turning our attention to the preparation of raw materials, we shall pause, of course, only to consider the most important forms.

The following table shows the progress of accumulation during the last two years.

Table IV
STORAGE OF RAW MATERIALS BY ORGANS OF THE
S.E.C.

<i>Species of raw materials</i>	1919	1920 (6 months)
1 FLAX (1.5 mil. poods of the 1918 crop)	5.5 mil. pd.	1.4 mil. pd.
2 WOOL	2.0 " "	Storage only just begun
3 HEMP	With old stock 2.0 mil. pd.	0.438 mil. pd.
4 COTTON	6.5 " "	2.5 " "
5 HIDES	5.4 " pieces	1.3 " pieces
6 BRISTLES	—	With old stock 0.45 mil. pd.
7 OILSEED	(1918-1919) 6.0 mil. pd.	(1919-1920) 3.5 mil. pd.
8 BEETROOT (For sugar factories)	35.0 " "	—
9 FURS	—	2.2 mil. pieces
10 TOBACCO	1.6 mil. pd.	1.1 " pd.

From the above table we can see that only such raw materials as flax, timber, furs exist at the present moment in sufficient quantities to be realised on the external market. Naturally, such a realisation on the external market can only follow the rendering to Soviet Russia of a definite and serious recompense, in the shape of machines, tools, and transport requirements by Western Europe. The shortage of raw materials, from which Europe at the present moment is suffering, can, undoubtedly, only be relieved by regular economic relations with Soviet Russia. The blockade, of which we spoke above, to a very considerable extent affected adversely not only the economic position of Soviet Russia, but also that of Western Europe, which, during the most recent years, has been completely deprived of the supply of Russian raw materials.

The accumulation of raw materials takes place in Soviet Russia, first and foremost, by the proclamation of State monopolies over the most important forms of raw materials. Only State organs have the power of collecting such materials as flax, hemp, furs, timber, hides, etc. The central State organs of the S.E.C. fix the quantity which it is necessary to collect, and allot their share to the individual areas and provinces, the population of which must produce the *determined* quantity of raw material. The latter is handed over at fixed prices, determined by the Committee of Prices of the S.E.C., and obligatory on the population when supplying raw materials to State bodies. In the economic centres, both large and small, there exist storehouses, whither raw materials are brought, and whence they are transferred to the central stores of the S.E.C. In the event of the complete fulfilment of the programme allotted to this or that district, or in the event of a more rapid supply of the quantity fixed than was anticipated, a premium is awarded in addition to the payment of the fixed prices—the premium consisting of goods in kind, usually the material supplied in its manufactured form. Thus, for example, those who supply fats receive, for every pood supplied, not only the fixed money value, but also four pounds of soap. For one pood of flax there is given, not only the fixed price at which flax is to be sold, but also one arshin of cloth. For a pood of potatoes supplied to the starch factories, the peasants receive, in addition to their money, a pound of starch, and so on. All the raw materials, I repeat, are sent to the central State stores, whence, according to the provision of the distributive organs, they are sent to the organs of production, which distribute them among the factories and workshops. The plan of distribution is fixed by the *Consumption Commission*, is laid before the Presidium of the S.E.C. for confirmation, and is then sent for fulfilment to the corresponding “Centres of Production.” The latter receive from the central stores the quantity of raw materials they require, and dispatch them to the factories and workshops. This system of organisation of the distribution of raw materials has been introduced in connection with all forms of the latter. Those supplies intended for export to foreign markets are delivered as an export fund to the People’s Commissariat for Foreign Trade. At the present time our organs are faced with the problem of developing their functions, and those of their sub-organs, not only to meet the necessity of preparing raw material for external purposes, but also to deal with the immediate results of the international situation, and the possibility of entering into economic relations with the outside world. The immediate future will show to what extent and degree the foreign market is open to us, and how genuine are the propositions made to us from beyond the boundaries of Soviet Russia. On this will depend, and by this will be determined, the quantity of raw material which we are able to export for the foreign market.

Fuel

ONE of the most difficult problems of our economic existence is the question of fuel. The enemies of Soviet Russia, both those within, in the shape of the counter-revolutionary bourgeoisie, and those without, in the shape of the imperialists of the West, have been trying to disorganise our economic life—first and foremost by depriving us of fuel. During the last two years, the most important fuel-producing districts—the Donetz basin, the Caucasus, and Siberia—which used to supply our industry with coal and oil, changed hands repeatedly, and left our industry deprived for a considerable time of the most essential sources of supply. If we turn to our figures for the supply of fuel during this period, we have before us the following picture of the supply during 1918, 1919, and the first half of 1920.

Table V
FUEL SUPPLY

<i>Forms of Fuel</i>		1918	1919	1920 (6 months)
1	COAL			
	Moscow Area	24 mil. pd.	26 mil. pd.	14 mil. pd.
	Ural { When under control of	93 " "	{ 23 " "	17 " "
	Siberia { Soviet Govt. }		—	17 " "
	Donetz	—	—	68 " "
	TOTAL	117 mil. pd.	49 mil. pd.	116 mil. pd.
2	OIL			
	Baku Area	198 " "	Occpd. by White Gds.	400 " "
3	PEAT	58 " "	67 mil. pd.	80 " " (antici- pated)
4	WOOD	{ (1918-19) 4 mil. cubic sazhen	{ (1919-20) 11 mil. cubic sazhen	

From these figures we see that, in the districts which remained at our disposal, the production of fuel increased from year to year. True, we were obliged more and more to have recourse to wood fuel, and alter the furnaces in our locomotives, factories, and workshops, which were generally intended for burning oil and coal. At the present time, with the recovery of the Donetz basin and the Caucasus, the possibilities of fuel supply are being considerably increased. Oil from Baku has

already been sent up the Volga; 15 million poods have been exported already, and in the near future we propose to utilise completely the supplies remaining in Baku, Grozny, Emba, and other places, and to increase the production of oil. The total quantity of oil it is proposed to export is 120 million poods. The same applies to the Donetz basin, whence at present up to 17 million poods of coal per month are being exported, and where, in spite of the particularly difficult situation created by Denikin's capture of the region, and the destruction carried out in it by the Cossacks, measures are being taken at the present time to restore the industry. The quantity of coal extracted now amounts to 20 million poods a month.

Fuel is the bread of our industry; our enemies desire to deprive it of that bread, and defeat it by starvation. The victories of the Red Army have shattered the hopes of the counter-revolutionaries.

All fuel is handed over to the Chief Fuel Committee of the S.E.C. (Glavtop), which, in accordance with the programme of production, allots fuel to the different groups of consumers month by month. According to the plan of distribution of fuel (also confirmed by the Presidium of the S.E.C.), individual consumers receive a quantity of fuel allotted on a basis of "equivalents." In this way, in 1919, the total quantity of fuel allotted amounted to the equivalent of 768 million poods of coal. In 1920 it is anticipated that the equivalent of 1,500 million poods of coal will be expended.

4

Production

THE fundamental task of the Soviet Government in the domain of production was, first of all, to put an end to the contraction of production and the fall in productivity which were the result of all the difficult circumstances (described pp. 17-19) in which Soviet Russia was labouring. Our principal watch-words were "the organisation of production" and "the increase of productivity." The nationalisation of industry, carried out on a large scale, and the possibility of concentrating production, as well as the possibility of a centralised distribution of fuel and raw materials, all made it possible for us to achieve the objects indicated to a certain extent—if not throughout all branches of economic life, at least in its most important spheres. Thus, if we turn to the fundamental branches of industry, we see, side by side with a diminished number of workers and enterprises, none the less, stagnation nowhere and production continuing. The following statistics, concerning the key industries, give us in figures a picture of the volume of production in these industries. Turning to the separate branches of industry, we see that in some of them, where both fuel and raw materials were close at hand, production stood very firmly on its feet. We cannot at the

present moment publish statistics of our war industry, to which particular attention was directed, and which was organised on particularly satisfactory footing, in the sense of its supply with the necessary fuel and raw materials, as well as of the provisioning of its workers. I can only say that, in this department, in a whole series of enterprises, productivity has attained the pre-war level, and in some has even gone beyond it. We shall dwell, if briefly, on the separate branches of industry.

Let us turn to such key industries as textiles, machine building, and electrical engineering.

TEXTILES

In the textile industry we have to distinguish two groups of enterprises:—

(a) Cotton and paper works, which are supplied with cotton mainly from Turkestan, although some sorts were always imported from abroad (e.g., Egyptian cotton).

(b) Linen and woollen factories, which are supplied with raw materials grown at home.

In consequence of the fact that Turkestan for a long time was cut off from Russia, and cotton did not arrive, the cotton and paper factories of Russia lived on remnants, with the result that they worked only half time, the number of workers and of pieces produced being considerably diminished. Altogether, in the course of 1919, we produced 216 million arshins of cloth. As soon as Koltchak and Duto were defeated, and the road to Turkestan was opened, communications were immediately opened, and cotton was poured from Turkestan into Soviet Russia. The reader can see from the table of raw materials that, at the present time, there are eight million poods of cotton in Turkestan. Of this total, 700,000 poods have already arrived in the central area of Soviet Russia for the cotton and paper works. During the first half of 1920, 228 million arshins were produced; during the second half, we anticipate a production of no less than 268 million arshins of cloth. The situation is very much better where the linen and woollen industries are concerned, because the raw materials, being prepared in Soviet Russia, afforded the possibility of maintaining production in these branches. At present about 75 per cent. of all the undertakings in the linen industry are ready to work, and in the woollen about 80 per cent.

The workers not employed in the textile industry will be transferred to other work.

THE METALLURGICAL AND MACHINE-BUILDING INDUSTRY

In the sphere of metallurgical and machine-building industry, the situation is just as difficult at present—thanks to the fact that the most important metal-producing districts, the Ural and others

have been, from beginning to end, in the area of the civil war; in consequence of which the undertakings in the centre of Soviet Russia were really employed on old stocks. During these years we had at our disposal, in round numbers, 70 million poods of old stores. At the present moment, with the recovery of the Ural and South Russia, our metallurgical and machine-building industry will naturally receive considerable support and improvement, in the sense of its supply with the necessary materials. There remains only the question of transport. As will be seen from the tables attached, in 1919 the output of the workshops of the S.E.C. was 94 new locomotives, 80 of which had undergone capital repairs, 1,639 new trucks, and 2,221 repaired trucks. In 1920 we anticipate an output of 600 new, partly repaired, and wholly repaired locomotives. Current repairs are carried out in the workshops of the People's Commissariat for Ways and Communications, and their output will amount to 3,400 locomotives.

All this time, the agricultural machines and implements with which the countryside was supplied were exclusively produced within our borders. In pre-war times, 50 per cent. of all the agricultural machines and implements employed were imported into Russia from abroad; at the present moment, we can satisfy the demand only at the expense of internal production. In the case of the principal agricultural machines and implements, we satisfied the demand to the extent of 5 per cent. Altogether, in 1919, we produced 157,000 ploughs, 1,000 harrows, and 12,000 reaping machines. It should be pointed out that, in the sphere of machine building, we set up a series of new undertakings, as, for example, the large locomotive-building works at Odolsk, and the military works in Simbirsk.

ELECTRICAL ENGINEERING

In the sphere of electrical engineering, the influence of the blockade particularly felt. The electrical industry of Russia, both before the war and during the war, was equipped with the materials and the necessary machines from abroad. After the October revolution, when the Soviet Government began to administer the electrical industry, there arose particularly clearly the picture of the way in which Western European capitalism had obtained a hold of certain branches of our economic life. It became clear, beyond all possibility of doubt, that the largest electrical engineering works in Russia—e.g., Siemens-chuckert and others—received their principal materials from their foreign branches, where many of the processes of production were carried on. In Russia the parts were only fitted together, and minor requisites in the industry were produced. In consequence of this, in the sphere of electrical engineering, the Soviet Government was faced with the problem of organising, under its own auspices, the production of a number of necessary and most important component parts. The solution of the problem was facilitated by the fact that Russia possesses

a number of prominent experts and specialists in the sphere of electrical engineering. The formation of an electrical trust, and the amalgamation of various enterprises previously competing with one another, gave us the possibility of executing orders which hitherto were not dreamt of in Russia. In this way, in 1919, we turned out 32,000 electrical machines and transformers, 500,000 accumulators, and 229,000 arc-lamps. But our particular attention was turned to the electrification on a large scale of wide areas. The S.E.C. was unquestionably faced with the fact that not only Russia, but the whole world, is entering an epoch when electricity becomes the basis of transport and lighting, and, consequently, problems of electrification will become of first-class gravity and importance, and will require immediate solution. In this respect Russia was, and is, considerably behind the Western European countries; and, consequently, we need the completest concentration of energy, if only to reach the level attained in Western Europe. The S.E.C. has set up a special commission for the electrification of Russia, and has worked out a detailed plan, based on the electrification of a number of areas within the next ten years. The execution of this plan has to-day been begun.

It should be observed that questions of electrification are for us not merely questions of theory or mere plans, but questions of daily activity. We are now finishing the construction of two large regional electrical power stations—one at Kashira and the other at Shatursk—with the help of which the electrification of the whole central area will be carried out. Both are about 100 versts from Moscow. The construction of the Shatursk station is already finished, and electrical power is already being transmitted; where previously there were woods and marshes, there has grown up, in the space of one year, a large working-class settlement, in which about 12,000 workers are living. The Shatursk station burns peat, which is obtained from the vast peat-bog close by. The station of Kashira, which was begun in November, 1919, is at the present moment also nearing completion. This station is calculated to transmit 60,000 K.W. hours per day. The delegates of our comrades in Western Europe visited these stations in company with the representatives of the S.E.C., and were able personally to convince themselves of the vast work carried on. In addition, there is being carried out—to a certain extent completed—the electrification of the Moscow coalfield. We have begun the construction of a large electrical station in the Urals, whither the Oranienbaum power-station, formerly near Petrograd, has been transferred. If the Polish offensive does not hinder us, we propose to begin the electrification, on a large scale, of the Donetz Basin, and of certain railways. How great was the lack of materials necessary for the equipment of these stations, is seen from the fact that we had to make use to a certain extent of materials taken from our idle cruisers and destroyers, and adapt them for the stations. At the same time, the Soviet Government did its

best to introduce electricity into the sphere of agriculture, by setting up smaller stations on the Soviet estates, and by widening the area supplied by the electrical stations already in existence. Our object was to supply energy to the villages for purposes of lighting and electrical ploughing (as, for example, at the large electrical station near Moscow—"Electro-Peredacha"). In the sphere of electrical engineering, questions of boundless extent lie before us, in the fullest sense of the word; and in this sphere contact with Western Europe, and the supply of the materials necessary for the development of the industry, would have a colossal significance.

Construction

THE Soviet Government, as we saw in the foregoing examples, has not only utilised what it already possessed, but has itself set up and created, in spite of the extraordinarily difficult circumstances in which it had to work. We cannot dwell in detail on what was built up during the last two and a-half years, but will only indicate the most important features. In the sphere of railways built by the S.E.C., the number of main and local lines under construction is 55, concentrated under the administration of 38 building sections of the S.E.C. The total length of these lines was 9,825 versts, out of which 374 versts were put into full operation, 1,384 versts were opened temporarily to traffic, and 7,370 versts were completed to the extent of from 40 to 90 per cent. Supplies were accumulated for the construction of 602 versts. In 1919 there were 7,164 versts under construction, of which 1,367 were put into operation, and 6,961 were completed to an extent varying from 20 to 90 per cent. In addition 2,567 versts were got ready for the railway builders. As a result, 1,741 versts were opened during two years.

Of highways, in 1918, over 170 versts were repaired, and 8,200 small bridges. In 1919 over 1,000 versts of roads were repaired; out of the 16,272 small bridges under construction, 24 per cent. were completed, and out of 5,000 large bridges under construction, 36 per cent. were completed.

We see, therefore, that, in spite of the difficult circumstances under which construction is carried on, the industry is not merely not at a standstill, but is even progressing.

We have already remarked, in the previous pages, that about a million workers are employed at the present moment in our factories and workshops. In the domain of labour-power, we are undoubtedly experiencing a lack of qualified workers. The People's Commissariat for Education has turned its attention seriously to technical training, but the results of this will be visible only after the lapse of a certain period. We are assisted to a certain extent in this connection by the stream of foreign comrades coming to us to work. At the present

moment, in the sphere of production generally, we have reached a stage at which we can carry it on according to a definite plan, which will be not merely a plan on paper, but will be carried out and concretely realised in a definite quantity of manufactured products.

Conclusion

IN the period through which we are passing, the international economic situation is characterised, first and foremost, by the collapse of international capitalist relations.

The nature of the imperialist war, as might have been expected, not only did not dispose of any of the contradictions generated under capitalism, but itself generated a series of large and more striking contradictions.

The economic crisis has embraced, at the present moment, all the capitalist countries equally. On the one hand, the absence of markets, and the lack of the fundamental raw materials and fuel necessary for production; on the other hand, an increase of unemployment, a financial crash, and, side by side with this, extraordinarily-developed speculation and cynically-uncontrolled profiteering—such are the characteristics of capitalism to-day, not merely in the conquered countries, but in the victorious countries as well.

International exchange of goods has diminished. The class struggle has become to the last degree acute. The dominant capitalist class of the different countries of Western Europe and America is losing control of the administrative helm, and its economic policy is presenting a picture of extreme instability and hesitation. Individual acts of cruelty and robbery not only do not contradict this, but display it more clearly and in more striking relief. One group of capitalists attempts to restore the broken ties, and to re-organise commerce and economic relations, in the hope of achieving stability; another group, in a burst of rapacious greed, becomes involved in political and economic adventures, destroying the work of the first group. All this goes on in an atmosphere of mutual rivalry, conflict, and mistrust.

Such are the general conditions in which the representatives of the new Socialist order of Soviet Russia have to live, struggle, and work.

The economic structure of Soviet Russia, founded on a new basis, is, as we have seen, very firm and very strong. Its enemies let no opportunity go by to weaken it, but it has one valuable feature by which it is distinguished from the economic structure of all the capitalist countries: it has already achieved unity.

It represents an organised and consciously directed system.

That system still suffers from very many defects, but its foundations are firm—Labour consciously organised, and the working class itself controlling its economic destinies.

June 29, 1920.

Appendix I STATISTICS OF RAW MATERIAL

<i>Species of Raw Material</i>	1919	1920 (6 months)
1 FLAX (1.5 mil. poods of the 1918 crop)	5.5 mil. pd.	1.4 mil. pd.
2 WOOL	2.0 " "	Storage only just begun
3 HEMP	With old stock 2.0 mil. pd.	0.438 mil. pd.
4 COTTON	6.5 " "	2.5 " "
5 HIDES	5.4 " pieces	1.3 " pieces
6 BRISTLES	—	With old stock 0.45 mil. pd.
7 OILSEED	(1918-1919) 6.0 mil. pd.	(1919-1920) 3.5 mil. pd.
8 BEETROOT (For sugar factories)	35.0 " "	—
9 FURS	—	2.2 mil. pieces
10 TOBACCO	1.6 mil. pd.	1.1 " pd.

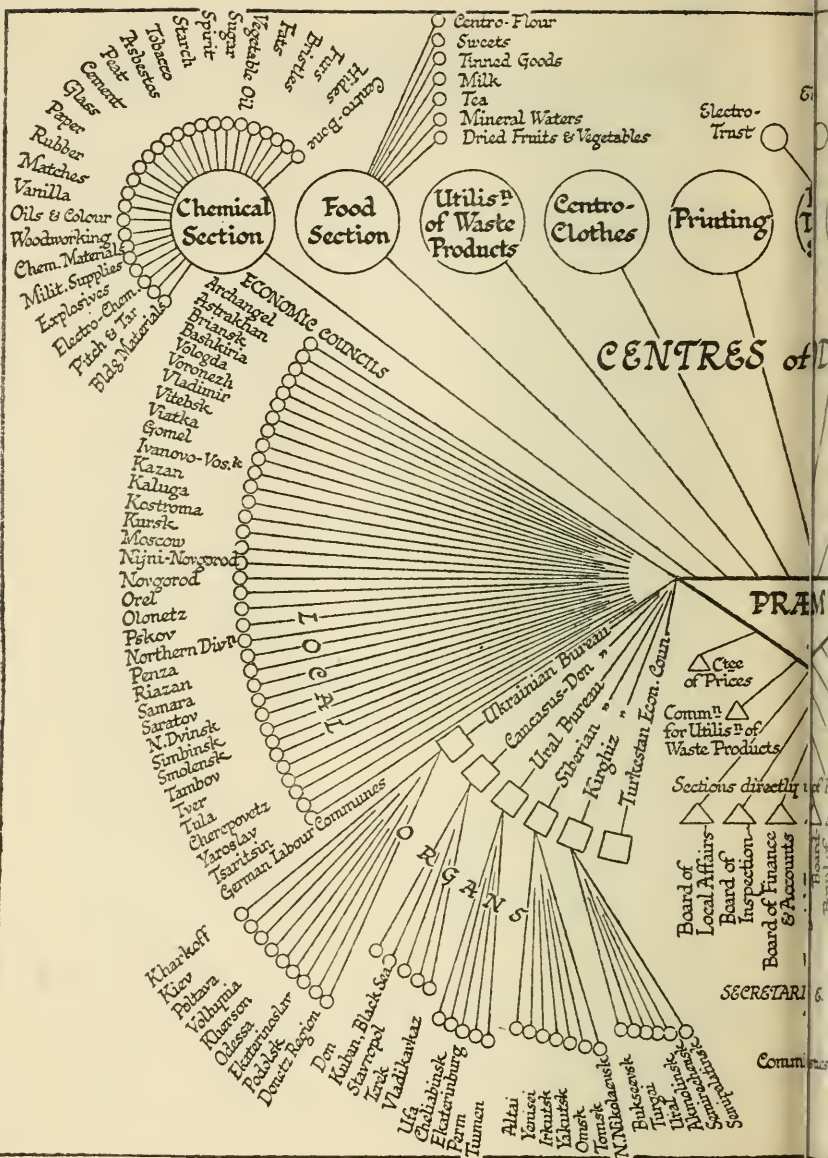
Appendix II FUEL STATISTICS

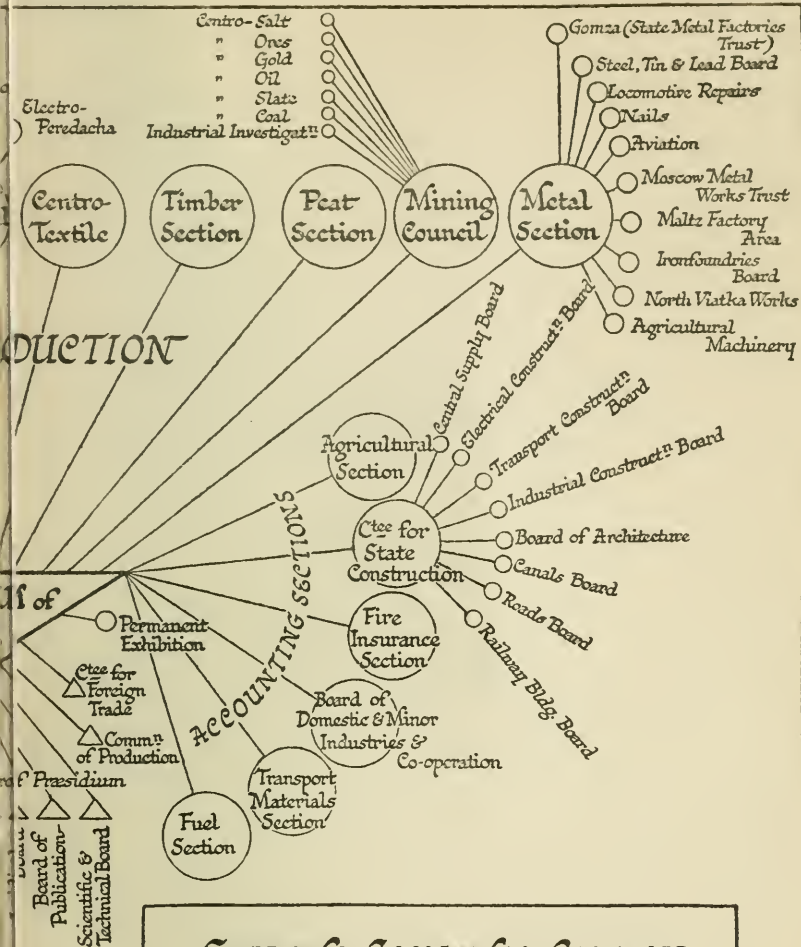
<i>Forms of Fuel</i>	1918	1919	1920 (6 months)
COAL			
Moscow Area	24 mil. pd.	26 mil. pd.	14 mil. pd.
Ural { When under control of	93 " "	{ 23 " "	17 " "
Siberia { Soviet Govt. }	—	—	17 " "
Donetz	—	—	68 " "
TOTAL	117 mil. pd.	49 mil. pd.	116 mil. pd.
OIL			
Baku Area	198 " "	Occpd. by White Gds.	400 " "
PEAT	58 " "	67 mil. pd.	80 " " (anticip- ated)
WOOD	{ (1918-19) 4 mil. cubic sazhen	{ (1919-20) 11 mil. cubic sazhen	

Production of Nationalised Undertakings of the S.E.C.	Produced in 1919	Production in 1920	
		Production in 1st quarter	Anticipated Production in 2nd half-year
TEXTILE INDUSTRY			
<i>a</i> Yarn	2,230,260 poods	1,776,010 poods	—
<i>b</i> Cloth	228,485,800 arshins	268,729,364 arshins	—
MACHINE-BUILDING INDUSTRY			
<i>a</i> Locomotives	94 new, 80 repaired	100 new 182 repaired	—
<i>b</i> Trucks	1639 " 2221 "	320 " 116,093 "	—
<i>c</i> Agricultural Machines	Ploughs 157,000 Harrows 11,450 Harvesters 11,980	—	—
PAPER INDUSTRY			
<i>a</i> Paper	2,541,000 poods	420,600 poods	2,000,000 poods
<i>b</i> Cardboard	82,000 poods	28,292 poods	107,000 poods
AUTOMOBILE INDUSTRY			
<i>a</i> Automobiles	2,569 (new & repaired)	912	—
<i>b</i> Motor-cycles	494 " "	186	—
ELECTRICAL ENGINEERING INDUSTRY			
<i>a</i> Electrical Machines & Transformers	32,596	2,500	2,500
<i>b</i> Accumulators	50,695	37,500	37,500
<i>c</i> Arc Lamps	229,797	1,150,000	1,150,000
GLASS INDUSTRY			
<i>a</i> Window Glass	1,200,000 poods	187,500 poods	352 500 poods
<i>b</i> China & Miscellaneous Manufactures	2,390,000 poods	196,000 poods	358,000 poods
STARCH AND MOLASSES INDUSTRY			
<i>a</i> Starch and Sago	130,388 poods	79,410 poods	2,220,000 poods
<i>b</i> Molasses and Glucose	135,399 poods	103,763 poods	300,000 poods
RUBBER INDUSTRY			
<i>a</i> Goloshes	2,668,102 pairs	5,421 pairs	3,300,000 pairs
<i>b</i> Hoses and Beltings	108,974 arshins	192 arshins	420,400 arshins
<i>c</i> Boot-Soles	85,368 poods	—	123,000 poods
SOAP-BOILING INDUSTRY			
<i>a</i> Various Soaps	675,695 poods	181,848 poods	458,200 poods
MATCHES INDUSTRY			
SUGAR INDUSTRY			
<i>a</i> Sugar (without the Ukraine)	4,680,000 poods	443,433 poods	5,000,000 poods
DISTILLING INDUSTRY			
<i>a</i> Spirit	508,111 vedro	1,346,220 vedro	3,000,000 vedro
			(including Siberia)

Appendix IV

SCHEME OF ADMINISTRATION OF THE SUPREME
ECONOMIC COUNCIL





SUPREME ECONOMIC COUNCIL

Scheme of Administration

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